

Lori Lapin Jones, Chapter 11 Trustee
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UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF NEW YORK

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In re	:
	:
PENINSULA HOSPITAL CENTER, <u>et al.</u>	:
	:
Debtors.	:
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Chapter 11
 Case No. 11-47056 (ess)
 Case No. 11-47985 (ess)

SECOND STATUS REPORT OF CHAPTER 11 TRUSTEE

On March 26, 2012, the Trustee filed her first status report which set forth the events leading to the Trustee's difficult decision to wind down the operations of Peninsula Hospital Center (the "Hospital") and submit a plan of closure on behalf of the Hospital to the New York State Department of Health (the "DOH").

Following the filing of the Trustee's first status report, a formal plan of closure (the "Closure Plan") was submitted to DOH and was approved by DOH on April 6, 2012. Prior to the approval of the Closure Plan, an order to show cause and motion (the "OSC") were filed by Dr. Wayne Dodakian ("Movant") seeking, inter alia, an order terminating the appointment of the Trustee and restoring the Debtor to management of its assets, operations and affairs and pending a hearing on that relief, entry of an order preventing the Trustee from implementing the proposed closure of the Hospital. The Trustee objected to the OSC and a hearing was held on the OSC on April 9, 2012. After all day extensive discussions among the Trustee, Movant, certain of the members of the Hospital's former Board of Directors and various parties in interest, Movant withdrew the OSC.

In accordance with the proposed Closure Plan, the Hospital's clinics were closed on April 6, 2012 and its emergency department and remaining ancillary services were closed on April 9, 2012. In connection with the summary proceedings instituted by DOH against the Hospital, and pursuant to its police and regulatory powers, as set forth in § 401.3(j) of Title 10 of the New York Codes, Rules and Regulations, and as mandated by the Hospital's closure, DOH required that the Trustee immediately surrender the Hospital's operating certificate. In response to the demand and the statutory requirements, the operating certificate was surrendered by the Trustee to DOH on April 13, 2012.

The Trustee is presently continuing to address ancillary issues related to the closure of the Hospital, and is exploring a sale of the Hospital assets which may include the repurposing of the Hospital in the healthcare field. Towards this end, the Trustee has retained a broker to market the Debtors' assets [ECF No. 519].

Peninsula General Nursing Home Corp. (the "Nursing Home") remains viable and fully operating and will continue to serve the community as a sale is explored. The Nursing Home's staff remains dedicated to the highest quality of care of the residents. The daily operations of the Nursing Home have not been negatively impacted by the closure of the Hospital and, in fact, improvements have been made.

Dated: April 18, 2012
Great Neck, New York

/s/ Lori Lapin Jones, Trustee
Lori Lapin Jones, Chapter 11 Trustee